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March 25, 2008

Richard Keller
Senior Officer
Scientific & Medical Research Facilities
California Institute for Regenerative Medicine
210 King Street
San Francisco, CA 94107

Re: CIRM RFA 07-03 (UCD Application # FA1-00611-1) Draft Staff Analysis- Applicant Response

Dear Mr. Keller:

We have received the Draft Staff Analysis report dated March 20, 2008, and upon review the University of California, Davis acknowledges and accepts all recommendations and determinations presented in the Draft Staff Analysis.

In response to the question raised in your email of March 24, 2008, indicating that there was internal (CIRM) concern about how the Staff Analysis treated the site preparation and utility portion of our leverage component, the University does not object to the recommended reduction indicated in the Draft Staff Analysis.

While our application requested leverage credit for the maximum allowable amount for the three projects in question (seismic upgrading, utility extension, and the utility building), the University accepts the recommended reduction to 50% of costs associated with these three projects based on the determination provided in the Draft Staff Analysis (page two).

"Because the CIRM-funded project will occupy 50 percent of the total space in the building, it is appropriate to include a proportionate share of these infrastructure improvements as part of the project costs." ..."It is reasonable to include half the costs of these centralized off-site services in so far as they are in lieu of providing stand-alone systems that would be less efficient to operate and would otherwise be included in the project cost."

Understandably, it would have been in the University's best financial interest to plan for the costly on-site redundant systems and include it as part of the project costs eligible under RFA 07-03. The University made the decision to fund the projects independently to provide the most reliable and cost effective utility resources to the Stem Cell research program, and to accelerate all construction activities that would enable the University to complete the scope of work identified in the application within the two-year window.

As a point of clarification to the inclusion of the Central Plant Utility Extension (CPUE) Project as part of the leverage component, I want to clarify that the CPUE project only includes costs associated with the transmission of the utilities (two sources of normal power, emergency power, heating hot water, and chilled water) from the existing Central Plant to the project building. It does not include any upgrades or modifications to existing equipment in the Central Plant. Utilization of these existing utilities eliminated the need to provide a stand-alone emergency generator, a building-wide Uninterrupted Power Supply (UPS), chillers, and boilers within the project area boundaries. The comment in the Staff Analysis (page three; third paragraph) "*This will avoid the need for costly redundant on-site systems needed to serve the GMP, vivarium and other critical loads.*" is 100% accurate.

The CPUE project provides a more reliable, cost effective and innovative delivery method for our project and enables the University to comply with the requirements for accreditation by Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) for the vivarium and was a condition that lead to the U.S. Food and Drug Administration's approval of the project plans during our Pre-Facilities Type C Meeting with the FDA GMP Review Committee.

Thank you for the opportunity to respond to this issue. The project staff at the University of California, Davis looks forward to working with you and the CIRM staff on this project.

Sincerely,

Mark S. Romney
Research Facilities Planner

Cc: Jan Nolta, PhD
Michael W. Boyd